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SUBJECT: Update on Labor Issues in Jordan

REFS: A) 08 Amman 3267  
B) 08 Amman 2206  
C) 08 Amman 1063  
D) 07 Amman 4993  
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¶1. (SBU) Summary: The Government of Jordan (GOJ) has continued to take measures to strengthen its institutional capacity to identify and correct labor violations, in part by hiring 60 new inspectors in ¶2008. Inspectors for the International Labour Office's (ILO) Better Work Jordan program have also been trained and hope to begin imminently assessments of factories in the Qualifying Industrial Zones (QIZs). The number of foreign and local workers in the QIZs has continued to decrease, as have the number of strikes. A new minimum wage of 150JD (\$212) went into effect January 1 but does not apply to QIZ or domestic workers. Although additional amendments to the labor law have not yet moved forward to parliament, the lower house approved the anti-Trafficking in Persons (TIP) law, which now awaits Senate approval. Source countries have decided to establish a formal mechanism to discuss labor issues and share information. End Summary.

#### MOL Restructuring and Growing Inspection Force

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¶2. (U) MOL hired 60 new inspectors in 2008, to make a total inspection force of 140. MOL plans to hire an additional 25 inspectors in 2009. MoL currently has 23 labor offices in Jordan, of which 21 have an inspection function in addition to performing other employment and work permit services. In 2009, MOL intends to consolidate the inspection function into seven to nine regional centers each with 10 to 30 inspectors who will cover a particular area. The goal is to provide a critical inspection mass and strengthen management capacity.

¶3. (SBU) Now that Canada and Jordan are about to sign an FTA with its own labor provisions, MOL indicated that Canada has contributed funding to an ILO project to support the establishment of a joint labor inspector-police unit within the Jordanian government. The project will also provide law enforcement and judicial staff training in forced labor and anti-trafficking. A GOJ team will visit Italy at the end of January 2009 to learn from the joint Italian Carabinieri-inspector force.

## Better Work Jordan (BWJ) Program Gets Going

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¶4. (SBU) After what many have viewed as a slow start, the International Labour Office's BWJ program began training its inspector force in November 2008, with the cooperation of the MOL and Ministry of Industry and Trade. The ILO and the Jordan Garment, Accessories, and Textiles Exporters' Association (JGATE) are now planning a series of events in each of the QIZs to register factories in the program and begin independent inspections. Jones NY Social Compliance Manager Kesava Murali told Econoff that once the BWJ program is fully functional, Jones will stop doing third-party inspections of factories. Cammy Wu, General Manager at Richpine, confirmed on January 14 that U.S. buyers continue to do third-party inspections every two to three months, in addition to MOL inspections that are sometimes unannounced.

## Labor in QIZs: Smaller Workforce, Fewer Strikes

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¶6. (U) The Ministry of Labor reported that as of November 30, 2008, there were 43,385 workers in 90 factories in the QIZs, including 10,697 Jordanians (of whom, 6,615 are women) and 32,688 foreign workers. JGATE CEO Dana Bayyat noted that while factories were having problems in early 2008 bringing in foreign labor, more migrant workers are now available in the market because of factory closures and downsizing (ref A).

¶7. (U) Interlocutors in both the private and public sectors have noted that strikes in the QIZs have decreased significantly. MOL estimated that there is about a strike a month, compared to five to six in late 2007 (ref D). Some have speculated that in addition to improvements in working conditions, fewer labor problems may also be attributed to decreased orders reducing the pressure on factories to have employees work long hours and meet deadlines.

## New Minimum Wage Excludes Some Sectors

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¶8. (U) Jordan increased the minimum wage from 110JD (\$156) to 150JD (\$212) on January 1, 2009 (ref A). According to MOL, this wage increase applies neither to domestic workers, nor to workers in the QIZs. The private sector argued that most QIZ workers, particularly foreign workers, were subject to the provisions of three-year employment contracts that set their wages, and the garment industry could not afford the rise in wages for both foreign and Jordanian employees due to other increased costs of production (refs D, F).

¶9. (SBU) MOL and JGATE signed a non-binding MOU, however, that companies in the QIZs would provide a 40JD/month (\$56) living allowance to Jordanian workers currently earning 110JD/month so that they are effectively getting the minimum wage. The GOJ and factories have reasoned that the stipend puts Jordanians on a financially equal footing with many of the foreign workers who benefit from company-provided food and accommodation. According to JGATE, factories have not yet actually begun to provide this allowance, although they are expected to start by the end of January 2009.

## New Golden List Lags

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¶10. (SBU) Although new criteria for the MOL's Golden List were released in April 2008 (ref C), a MOL advisor indicated to Econoff on January 15 that only five companies had reapplied to be on the new list, and of those, only one qualified. NOTE: The Golden List exempts companies from paying a hefty bank guarantee. To qualify, companies must abide by certain best practices regarding labor rights in line with international standards. END NOTE. To date, the new Golden List has not been fully implemented.

## Labor Law Still Pending but Anti-TIP Law Moves Forward

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¶11. (SBU) In addition to the four amendments to the labor law that parliament approved in July 2008, the MOL had planned, but ultimately declined, to submit additional amendments to the labor law to parliament this session (ref B). MOL officials indicated

that in light of competing priorities, only a limited number of laws could be submitted to parliament in one session, and the GOJ decided to place a higher priority on getting the TIP Law approved. The lower house approved the draft TIP Law on January 25, which now awaits senate approval.

#### Recruitment Agency Regulations to Reform Hiring

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¶12. (SBU) According to the Recruitment Agency Association (RAA), Jordan currently has 96 recruitment agencies, many of which are small operations. MOL has drafted new regulations regarding the requirements for licensing recruitment agencies, which are currently out for comment with the private sector. New provisions stipulate a JD 100,000 (\$141,242) bank guarantee (vice the current JD 50,000 (\$70,621)), JD 30,000 (\$42,372) capital requirement, at least five working staff, and suitable office space. The GOJ hopes that the new regulations might force some of the smaller operations to merge or consolidate. The RAA has stated that only ten of the recruitment agencies would be able to meet the new provisions, and believes that the new regulations will help a new recruitment agency, founded by the General Federation of Trade Unions and several women's group, monopolize the market. The RAA has sued the Minister and Ministry of Labor in the Court of First Instance for unlawfully assisting the new agency (septel).

#### Source Countries to Cooperate on Employer Database

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¶13. (U) DCM hosted a January 15 lunch with representatives from the Philippine, Indonesian, Sri Lankan, and Bangladeshi embassies in Jordan to discuss labor issues with a focus on domestic workers. The Indonesian, Bangladeshi, and Filipino embassies have decided to establish a formal mechanism to discuss labor issues and share information, perhaps through establishment of a joint database that would track bad employers. Participants agreed to expand this coordination to include the U.S. and other source country embassies.

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